

Message Text

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PAGE 01 GENEVA 02924 01 OF 02 241150Z

ACTION EB-08

INFO OCT-01 AF-10 ARA-14 EA-12 EUR-12 NEA-10 ISO-00
L-03 FRB-01 OMB-01 ITC-01 SP-02 USIA-15 AGRE-00
AID-05 CIAE-00 COME-00 INR-10 IO-14 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
OES-07 GSA-02 INT-05 DOEE-00 SOE-02 DODE-00 /165 W
-----015408 241158Z /21

P 241137Z FEB 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 6377

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY LA PAZ

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION USUN NEW YORK

UNCLAS SECTION 01 OF 02 GENEVA 02924

PARIS ALSO FOR USOECD

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: CONCLUSIONS AND RECOMMENDATIONS OF UNCTAD EXPERTS
GROUP ON TUNGSTEN

1. FOLLOWING IS THE TEXT OF CONCLUSIONS AND RECOMMENDATIONS OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON TUNGSTEN WHICH IT IS PRESUMED COMMITTEE ON TUNGSTEN WILL RUBBER STAMP AND FORWARD TO APRIL 4 MEETING ON TRADE AND DEVELOPMENT BOARD FOR CONSIDERATION. REPORT OF MEETING AND DELEGATION COMMENTS WILL FOLLOW IN SEPTTEL.

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PAGE 02 GENEVA 02924 01 OF 02 241150Z

RECALLING DECISION 153 (S-VIII) OF THE TRADE AND DEVELOPMENT BOARD THAT THE FINDINGS OF THE COMMITTEE ON TUNGSTEN, CONVENED IN SPECIAL SESSION TO MEET AS A PREPARATORY COMMITTEE TO CONSIDER THE REPORT OF THE GROUP OF EXPERTS, SHOULD BE PRESENTED TO THE TRADE AND DEVELOPMENT BOARD IN ORDER THAT IT MAY TAKE A DECISION ON THE HOLDING OF A

NEGOTIATING CONFERENCE ON TUNGSTEN;

THE AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON TUNGSTEN
AGREED THAT THE STUDIES AND ANALYSES OF TUNGSTEN MARKET
STABILIZATION ISSUES HAVE BEEN USEFUL AND PROVIDED THE
BASIS FOR REACHING FINDINGS AND RECOMMENDATIONS ON THE
VARIOUS PROPOSALS.
FINDINGS

ALL EXPERTS AGREED THAT:

- (1) THE HIGH VOLATILITY OF THE TUNGSTEN MARKET IS
DETRIMENTAL TO THE INTERESTS OF BOTH PRODUCERS
AND CONSUMERS;
- (2) MEASURES WHICH ARE FEASIBLE AND DESIRABLE SHOULD
BE UNDERTAKEN FOR THE STABILIZATION OF THE
TUNGSTEN MARKET, WITH THE CO-OPERATION OF BOTH
PRODUCERS AND CONSUMERS;

A MAJORITY OF CONSUMING COUNTRY EXPERTS FOUND THAT:

- (1) NEGOTIATION OF AN INTERNATIONAL COMMODITY AGREE-
MENT FOR TUNGSTEN IS NOT WARRANTED AT THE PRESENT
TIME, SINCE THE STUDIES AND ANALYSES HAVE NOT
DEMONSTRATED THE FEASIBILITY OR DESIRABILITY OF
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PAGE 03 GENEVA 02924 01 OF 02 241150Z

MARKET INTERVENTION MEASURES, AND

- (2) ESTABLISHMENT OF A PRODUCER/CONSUMER FORUM AS
PROPOSED IN (TD/B/C.1/TUNGSTEN/...), WITH THE
MANDATE TO IDENTIFY PROBLEMS AND PROPOSE APPROP-
RIATE SOLUTIONS FOR CONSIDERATION BY GOVERNMENTS,
WOULD FURTHER EFFORTS FOR THE STABILIZATION OF
THE TUNGSTEN MARKET.

MOST PRODUCING COUNTRY EXPERTS AND SOME CONSUMING
COUNTRY EXPERTS FOUND THAT:

- (1) THE CREATION OF AN INDEPENDENT PRODUCER/CONSUMER
CONSULTATIVE BODY INTENDED TO INCREASE MARKET
TRANSPARENCY WOULD NOT IN ITSELF ACHIEVE
STABILIZATION;
- (2) AN INTERNATIONAL ARRANGEMENT WITH ACTIVE DECISION-
MAKING POWERS AND OBLIGATIONS IS WARRANTED,
BEARING IN MIND THE CHARACTERISTICS OF THE
PRODUCTION, CONSUMPTION AND TRADE OF THIS COMMO-
DITY;

(3) UNTIL NOW, THE ONLY DETAILED PROPOSITIONS AIMED AT ACHIEVING STABILITY IN THE TUNGSTEN MARKET HAVE BEEN REFLECTED IN PROPOSALS CONSIDERED IN THE EXPERT GROUP RELATING TO AN INTERNATIONAL COMMODITY ARRANGEMENT WITH APPROPRIATE LEGAL, ADMINISTRATIVE AND ECONOMIC PROVISIONS, INCLUDING PRICING PROVISIONS.

THE SAME CONSUMING COUNTRY EXPERTS IN REAFFIRMING THEIR WILLINGNESS TO CONSIDER STABILIZATION PROPOSALS FOR TUNGSTEN IN THE CONTEXT OF AN INTERNATIONAL NEGOTIATION

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PAGE 01 GENEVA 02924 02 OF 02 241156Z
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P 241137Z FEB 78
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INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
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UNCLAS SECTION 02 OF 02 GENEVA 02924

FOUND THAT IN THE FRAMEWORK OF THE PREPARATION OF THIS NEGOTIATION, AN AD HOC STRUCTURE IN THE COMMITTEE ON TUNGSTEN SHOULD WORK VERY QUICKLY ON NEW PROPOSALS FOR AN ADEQUATE AND ACCEPTABLE PRICE INDICATOR FOR THE WORLD TUNGSTEN MARKET.

THE EXPERT OF A MAJOR PRODUCING COUNTRY FOUND THAT:

IN THE LIGHT OF THE DISCUSSIONS IN THE AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON TUNGSTEN, IT WOULD BE DESIRABLE TO CONTINUE WORK TOWARDS THE ESTABLISHMENT OF A NEW FRAMEWORK FOR INTERNATIONAL CO-OPERATION ON TUNGSTEN. THIS FRAMEWORK SHOULD PROVIDE AN APPROPRIATE LEGAL INSTRUMENT TO

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PAGE 02 GENEVA 02924 02 OF 02 241156Z

IMPROVE THE FLOW OF INFORMATION, ON A SUITABLE CONFIDENTIAL BASIS, ON TUNGSTEN PRODUCTION, CONSUMPTION, TRADE, STOCKS AND PRICING. SUCH A FRAMEWORK COULD TAKE THE FORM OF AN INTERNATIONAL COMMODITY AGREEMENT BUT WOULD NOT AT THIS STAGE INCLUDE BINDING ECONOMIC PROVISIONS SINCE SUCH PROVISIONS AT THIS POINT ARE NEITHER FEASIBLE NOR NEGOTIABLE. HOWEVER, AT A LATER STAGE, ON THE BASIS OF MORE ADEQUATE DATA TO BE DEVELOPED WITHIN THE CONTEXT OF SUCH AN AGREEMENT AND IF MARKET CONDITIONS SO WARRANT, APPROPRIATE ECONOMIC PROVISIONS COULD BE CONSIDERED BY GOVERNMENTS FOR INCLUSION IN THE AGREEMENT.

RECOMMENDATIONS

A MAJORITY OF CONSUMING COUNTRY EXPERTS RECOMMENDED THAT:

THE COMMITTEE ON TUNGSTEN REQUEST THE TRADE AND DEVELOPMENT BOARD, BY WHOSE DIRECTION THE AD HOC GROUP WAS ESTABLISHED, TO APPOINT A GROUP FOR THE DRAFTING OF A CHARTER FOR A PRODUCER/CONSUMER FORUM FOR TUNGSTEN, SUCH CHARTER TO BE SUBMITTED TO GOVERNMENTS FOR REVIEW AND APPROVAL WITHIN THREE MONTHS FROM THE APPOINTMENT OF THE DRAFTING GROUP.

MOST PRODUCING COUNTRY EXPERTS AND SOME CONSUMING COUNTRY EXPERTS RECOMMENDED THAT:

THE SECOND PART OF THE SEVENTEENTH SESSION OF THE TRADE AND DEVELOPMENT BOARD, SCHEDULED FOR 4 APRIL 1978, REQUEST THE SECRETARY-GENERAL OF UNCTAD TO CONVENE A NEGOTIATING CONFERENCE WITH THE OBJECTIVE OF FORMULATING A MUTUALLY ACCEPTABLE INTERNATIONAL COMMODITY ARRANGEMENT ON TUNGSTEN.

THE EXPERT OF A MAJOR PRODUCING COUNTRY RECOMMENDED

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PAGE 03 GENEVA 02924 02 OF 02 241156Z

THAT:

THE TRADE AND DEVELOPMENT BOARD REQUEST THE SECRETARY-GENERAL OF UNCTAD TO CONVENE A NEW GROUP TO PREPARE DRAFT

ARTICLES FOR A FRAMEWORK AGREEMENT FOR CONSIDERATION BY
GOVERNMENTS.

2. NOTE REGARDING COUNTRIES COVERED BY ABOVE DESCRIPTIONS:

(A) "THE MAJORITY OF CONSUMING COUNTRIES" INCLUDES US, UK,
FRG, JAPAN, SWEDEN.

(B) "SOME CONSUMING COUNTRIES" REFERS TO FRANCE, NETHER-
LANDS, BELGIUM, USSR.

(C) "MOST PRODUCING COUNTRIES" REFERS TO ALL PRODUCERS
EXCEPT CANADA WHICH IS LISTED AS "A MAJOR PRODUCING
COUNTRY." VANDEN HEUVEL

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Message Attributes

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Disposition Approved on Date:
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TAGS: ETRD, UNCTAD
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